

Victorian Labor government shapes up to Canberra over NEG

Written by Michelle Grattan, Professorial Fellow, University of Canberra

The Victorian Labor government's cabinet will consider on Monday a raft of demands around the National Energy Guarantee (NEG) ahead of a crucial federal-state energy ministers' meeting later this week.

This comes as a broad group of business and industry bodies appeals to "federal, state and territory leaders to put aside politics and ideology and support the implementation of the National Energy Guarantee.

"Business and industry need policy certainty and stability in the energy sector. There can be no further delays," they say in a statement issued on Monday.

Like Victoria, the Labor governments in Queensland and the ACT are pressing for changes and guarantees on the NEG package, but the Andrews government is shaping up as particularly gung ho. It is under intense political heat, facing an election in November, with contests against the Greens in inner city seats.

The Commonwealth Council of Australian Governments energy council meets on Friday. The federal government wants approval given to the NEG mechanism there. That mechanism requires state legislation.

If he can get in-principle agreement on the NEG mechanism on Friday, Federal Energy Minister Josh Frydenberg will then take the planned federal legislation on emissions targets to the Coalition party room the following Tuesday, with the COAG energy council to sign off on the package after that meeting.

There would be a meeting about the final detail of the state legislation in September.

The Labor jurisdictions are discussing a range of demands.

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These include that

... emissions targets could only be increased not reduced;

... increases in targets should be able to be made by regulation rather than requiring legislation that could be blocked by the Senate;

... the emissions reduction targets should be reviewed every three years. Frydenberg is proposing a five year review period, after initially planning for a ten year period.

Pour en savoir plus : [Grattan on Friday: Dutton and Frydenberg struggle with the currents in shark-infested waters](#)

Victorian premier Daniel Andrews said on Sunday: “There is significant doubt that the Prime Minister can even get through his own party room the reforms that he would like us to sign up to.” Andrews said that Tony Abbott, who is highly critical of the NEG, had significant support for his views in the party room.

Victoria wanted the Prime Minister to show he had party room support and then come back to the states, Andrews said, repeating the position his energy minister, Lily D'Ambrosio [put](#) last week. Frydenberg has said the states will get the chance for another look in the phone hook up after the Coalition party meeting.

Andrews said the federal government’s plan would in part see Victoria and other states “ceding to the Commonwealth the authority to set renewable energy targets, for instance, putting renewable energy jobs and putting additional supply into the grid into the hands of the some of those in the Prime Minister’s own party room”.

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The ACT government last week said it could not support the NEG in its current form, with the territory's legislative assembly passing a motion calling for improvements.

The Queensland Energy Minister, Anthony Lynham, will not be at Friday's meeting – a surgeon, he is volunteering on a boat off Papua New Guinea. He will be represented by an acting minister. Queensland has expressed concerns about its renewables target – 50% of energy coming from renewables by 2030 - being compromised.

Federal sources are reacting sharply to the looming demands from the Labor states, saying that emissions targets are the responsibility of the federal government, not the states, and that nothing in the NEG restricts state governments' renewable targets. They also say that Victoria has the second highest power prices.

As the NEG battle enters a crucial week, the statement from business and industry groups says: "Together our organisations represent businesses that employ millions of Australian workers. The business sector employs five out of six working Australians and contributes more than 80% of economic output in this country".

The statement is put out by the Business Council of Australia, the Australian Industry Group, the Australian Chamber of Commerce and Industry, the Council of Small Business Organisations, the National Farmers' Federation, the Australian Petroleum Production and Exploration Association, and the Australian Energy Council.

It says "a decade of policy uncertainty has only resulted in higher electricity prices and a less stable and reliable energy system".

"Now is the time to act in Australia's national interest. Australian households and businesses cannot afford the costs of yet another cycle of political sparring, indecision and inaction".

The CEO of the Business Council of Australia, Jennifer Westacott, on Sunday made a forceful plea for the NEG to get support.

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She said a “decade of dysfunction” needed to be ended and this was a scheme that businesses said could be made to work.

“Look, you can’t satisfy the extremes of this debate. If you took the extreme green movement, you do nothing because the community would not tolerate the deindustrialisation of the economy that basically they’re arguing for.

“You can’t satisfy the extreme right of this debate because again, you do nothing, ” she told Sky.

“So we keep dithering as a country and as we dither ... prices continue to go up. Investment uncertainty continues to rise.

“We’ll just have to get on with this and get some progress. If you’re trying to satisfy both ends of this debate ... you will do nothing for another 20 years.”

Michelle Grattan ne travaille pas, ne conseille pas, ne possède pas de parts, ne reçoit pas de fonds d'une organisation qui pourrait tirer profit de cet article, et n'a déclaré aucune autre affiliation que son poste universitaire.

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